

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

ADJUSTMENT OF RATES OF)
GENERAL TELEPHONE COMPANY)
OF KENTUCKY)

CASE NO. 8859

O R D E R

On October 14, 1983, General Telephone Company of Kentucky ("General"), by counsel, filed its Motion for Leave to Revise Prefiled Testimony and Exhibits requesting approval to amend the December 31, 1983, proforma capitalization and costs reflected in the prefiled testimony and exhibits of Jerry L. Austin and John C. Dunn to reflect the current financings which are planned to be concluded prior to the end of the suspension period and, further, to amend the testimony and exhibits of Norman E. Newton and John P. Blanchard (to be filed by October 21, 1983) to reflect the entry of the Commission's Order in Case No. 8045 (In the Matter of Adjustment of Rates of General Telephone Company of Kentucky) on September 30, 1983, which will reduce the net income effect of the flash cut of station connection costs following implementation of Phases 1, 2 and 3 of the expensing of station connections.

On October 20, 1983, the Attorney General's Consumer Protection Division ("Attorney General") filed a Response to Motion for Leave to Revise Prefiled Testimony and Exhibits wherein it objects to the proposed changes in the relevant schedules, testimony and exhibits with respect to the proforma

capitalization and costs as being unnecessary and irrelevant to the Commission's consideration of the case. The Response further states that the Attorney General has no objection to amendments relating to the approval by the Commission of Phase 3 of the expensing of station connection costs.

There appearing to be no objection to the amendments which revise testimony and exhibits relating to Phase 3 of the expensing of station connections to reflect only year three, consistent with the Commission's policy and its decision in Case No. 8045, rather than a flash cut approach, as General had originally proposed, the Commission will permit General to amend its case to reflect this change.

In setting rates for the future, the Commission has in the past made use of the most recent information available concerning a utility's capitalization, especially where the results were "known and measurable", as is the case herein. We have concurrently issued an order in Case No. 8917 authorizing General to borrow \$30,000,000 in long term debt and issue \$10,000,000 in stock by December 1, 1983, prior to the end of the suspension period in this proceeding. Moreover, General had previously stated its intention to issue \$35,000,000 in long term debt in its original filing.

The Commission finds that neither of the above amendments, taken separately or in concert, amounts to a substantial revision of General's filing.

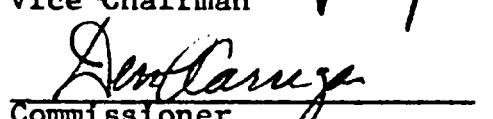
The Commission, having considered the Motion and Response and being advised, HEREBY ORDERS that the Motion of General be and it hereby is sustained.

Done at Frankfort, Kentucky, this 2nd day of November, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary